

TRANSPORTATION INFRASTRUCTURE FINANCING ALTERNATIVES MEETING NOTES

JULY 30, 2002

Attendees

Senator Mary Margaret Haugen, Co-Chair
Senator Jim Horn
Senator Karen Keiser
Senator Larry Sheahan
Senator Tim Sheldon
Senator Dan Swecker

Representative Fred Jarrett, Co-Chair
Representative Mike Cooper
Representative Jeanne Edwards
Representative Doug Ericksen
Representative Brian Hatfield
Representative Beverly Woods

I. Introduction

Representative Jarrett opened the meeting and welcomed Senator Larry Sheahan, the newest member of the Committee. Representative Cooper gave a summary of the meetings held with the E-470 and Northwest Parkway Public Highway Authorities in Denver that he attended with Senator Haugen, Representative Jarrett, Paula Hammond, WSDOT Chief of Staff, and David Tanner, TEP.

II. Alternative Approaches to Financing Transportation Infrastructure

Hugh Spitzer, Esq., Foster Pepper, Shefelman, PPLC

- [Speaker Notes Provided](#)

III. Economics of Pricing Transportation

Randall Pozdena, Managing Director, ECONorthwest

- [Speaker Notes Provided](#)

IV. Dupont Interchange: Case Study in Private Financing/Development

Tom Miller, President, Weyerhaeuser Real Estate Development Company

- [Speaker Notes Provided](#)

V. Public-Private Initiatives in Transportation Program

Representative Ruth Fisher, Chair, House Transportation Committee

Jerry A. Ellis, Director, Transportation Economic Partnerships

- Reviewed the Public-Private Initiatives (PPI) Act (RCW 47.46) legislative intent and discussed some of the political pitfalls of program implementation. The program was not intended to replace traditional revenue sources or to be viewed as the primary source of capital for transportation projects but rather to supplement the normal program by allowing a means to address identified needs that could not reach the priority list. Advice for new effort included:
 - Create a sounding board of experts in legal, finance, development and construction to insure feasibility/workability of any future proposal;
 - Not have a set number of projects that create an unnecessary competitive environment so that appropriate public involvement can be achieved;

- Decide whether this effort is to provide a “stop gap” for funding some projects until regular sources of funds are sufficient, or whether to institutionalize a governance structure or programmatic arrangement and then create various financing mechanisms.

VI. Partnerships for Capital Development

Gene Schlatter, Advisor to Vulcan, Inc.

- Need a wider range of Public-Private Partnership alternatives with a one-stop place for all projects and a consistent state policy.
- Tax increment financing needs to be explored further and local governments need to be at the table as partners.
- Private companies can follow the rules, but don’t change the rules in the middle of the process.
- WSDOT needs a central place of expertise to deal with business related issues because the process to make transportation infrastructure improvements is complex and constantly changing.
- Business community needs commitment from state that a project will be moved forward so that business and investment decisions can be made. There needs to be a better way to foster a partnership so that activities are in sync between the government and the developer community.

VII. Committee Discussion

The Committee discussed a number of barriers to implementing alternative financing schemes. There is a need to look beyond PPI Act and to create something new and leave it alone. There is a desire to look at other states and their models for financing projects and to see how they partner with other players like private companies and local jurisdictions. All financing options must be on the table including an increase in the gas tax and tolls. Value pricing of the use of the system needs to be kept on the table. One barrier is a culture that doesn’t like tolls and that needs to change beginning in the legislature. The use of technology provides some opportunities that we should take advantage of and still be sensitive to privacy issues. Financing for non-highway modes, such as transit and monorail need to be explored for opportunities. Projects outside of the Puget Sound need to be considered. So do projects where the priority system will not be able to provide funds because of the cost benefit ratio requirement. The value to the consumer of each project improvement must be assessed and understood so that pricing can achieve the desired result.

VIII. Next Meeting

September 26, 2002

10 AM-2PM including Lunch

Wyndham Hotel SeaTac